



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 2, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The McCook National Bank
Charter Number 8823**

**220 Norris Avenue
McCook, NE 69001**

**Office of the Comptroller of the Currency
Omaha South Field Office
13710 FNB Parkway, Suite 110
Omaha, NE 68154-5298**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING

This institution is rated Outstanding.

- The McCook National Bank (MNB) has an excellent record of lending to farms of different sizes and individuals of different income levels.

The distribution of residential real estate borrowers is strong. Based on 20 borrowers sampled, the bank's distribution of loans to families at the low-and moderate- income (LMI) levels exceeded the demographic data used for comparison. Demographic information was obtained from the 1990 United States Census.

The distribution to consumer borrowers of different income levels is excellent. Based on 20 borrowers sampled, the bank's distribution of loans to consumers at the LMI levels significantly exceeded comparable demographic data. Demographic information was obtained from the 1990 United States Census.

The distribution of agricultural borrowers reflects reasonable penetration amongst farms of different sizes. Based on 20 borrowers sampled, the bank's distribution of loans to farms with different revenues was comparable to demographic information of the assessment area. Information was obtained from the U.S. Census Bureau's 1997 Census of Agriculture.

- The bank originated a majority of its loans in the assessment area.

MNB originated 78% by number and 64% by dollar amount within its assessment area for agricultural, residential real estate, and consumer loans sampled.

- The bank's quarterly average loan-to-deposit ratio since the last examination is reasonable.

MNB's average loan-to-deposit ratio over the past twenty quarters met the standard for satisfactory performance. The bank's average ratio of 65% satisfactorily compares to ratios of similarly situated banks in the assessment area. The average loan-to-deposit ratio for similarly situated institutions in the assessment area was 73%.

- An analysis of the geographic distribution of loans was not applicable, as the assessment area did not have any low- or moderate-income geographies.

- MNB's community development and other Community Reinvestment Act (CRA) activities enhanced its overall CRA performance and helped to meet the needs of the AA, especially to LMI individuals.

The bank participated in loan programs offered through the Nebraska Investment Finance Authority (NIFA). NIFA's loan programs provided financing to qualified LMI borrowers throughout Nebraska. The programs included reduced interest rates and lower down

payment requirements than traditional mortgage loan programs. During 1999, 2000, and 2001, MNB originated 20 NIFA loans totaling approximately \$1 million. Borrowers in this program qualified for NIFA grants totaling \$40,000 for down payment and closing cost assistance.

MNB participates in the Federal Home Loan Bank of Topeka's Rural First-time Homebuyer Program (RFHP). This program provides grant assistance to LMI first-time homebuyers for down payment and closing cost assistance. The bank originated 4 loans totaling approximately \$200,000 under this program. Borrowers received \$14,000 in grants under this program.

MNB originated a \$1.2 million community development loan to finance the construction of affordable housing for LMI individuals and families. The project resulted in 24 new apartment units.

Qualified investments included a \$160,000 equity investment in a project to provide 24 units of affordable housing for LMI persons, and a \$120,000 equity investment to help finance the purchase and renovation of a building in the city's designated redevelopment area. The building was then leased to a company employing primarily LMI individuals. Qualified investments also included \$33,200 in contributions to two organizations that have community development activities as their primary purposes.

A loan officer provided a community development service by serving on the Board of Directors of the local Habitat for Humanity. In this role, the loan officer provided technical expertise by helping with fund raising activities.

- MNB has not received any consumer complaints regarding its CRA performance during the evaluation period.
- An analysis of the 2000 and 2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted with the CRA evaluation this year.

DESCRIPTION OF INSTITUTION

MNB is a \$160 million institution located in southwestern Nebraska. MNB received a "Satisfactory" rating at the last CRA examination, dated July 10, 1997. The bank's primary loan products are agricultural, residential real estate, and consumer loans. MNB has one full service facility, two drive-in deposit service facilities, and four automated teller machines. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the assessment area.

Refer to MNB's CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area encompasses all of Red Willow and Hitchcock Counties. This assessment area is comprised of four middle-income block numbering areas. The assessment area does not arbitrarily exclude any low- or moderate-income areas.

Refer to MNB's CRA Public File for more information.